

Message Text

CONFIDENTIAL

PAGE 01 MADRID 02029 01 OF 02 162315Z

61/43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SS-15 NSC-05 TRSE-00 OMB-01 L-03

SP-02 INR-07 CIAE-00 SAM-01 /054 W

----- 038598

P 161114Z MAR 76 CORRECTED COPY FOR MCN

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 4976Z

C O N F I D E N T I A L SECTION 1 OF 2 MADRID 2029

E.O. 11652: GDS

TAGS: EFIN, SP

SUBJ: SPANISH BALANCE OF PAYMENTS AND FOREIGN DEBT FIGURES PER
MINISTRY OF FINANCE

REF: MADRID 1548; MADRID A-45; MADRID A-47

1. SUMMARY. MINISTRY OF FINANCE HAS PROVIDED US SPANISH FOREIGN DEBT AND BOP DATA WHICH GOS DELEGATION TO MARCH 25 AND 26 WASHINGTON TALKS PLANS TO USE. TOTAL DEBT FIGURE OF \$8.7 BILLION IS AT VARIANCE WITH \$7.2 BILLION FIGURE PROVIDED US CONFIDENTIALLY BY BALANCE OF PAYMENTS SECTION AT MIN OF COMMERCE AND EXPLANATIONS PROFFERED SO FAR VAIL TO ESTABLISH WHICH MINISTRY IS CLOSER TO THE TRUTH. WE WILL BE DUSCUSSING THIS QUESTION AND 1976 AND 1977 BALANCE OF PAYMENTS PROJECTIONS FURTHER WITH GOS THIS WEEK. END SUMMARY.

2. MINISTRY OF FINANCE FOREIGN DEBT FIGURES ARE GIVEN BELOW IN SOME DETAIL. THEY DIFFER BY \$1.5 BILLION FROM MINISTRY OF COMMERCE DATA, AND DIFFERENCE REMAINS UNEXPLAINED. COMMERCE OFFICIAL BELIEVES IT IS DUE TO FAILURE BY FINANCE TO TAKE ACCOUNT OF \$1.5 BILLION IN 1975 REPAYMENTS OF SHORT TERM DEBT, BUT MEMBERS OF SPANISH DELEGATION, WHOM WE MET WITH MARCH 12, SAY \$8.7 BILLION INCLUDES ALL REPAYMENTS IN 1975. BOTH MINISTRIES AGREE THAT DEBT FIGURES INCLUDE ONLY AMOUNTS DRAWN DOWN AND NOT LINES OF CREDIT OR LOANS FOR WHICH NO FUNDS HAVE YET BEEN DISBURSED.

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PAGE 02 MADRID 02029 01 OF 02 162315Z

WE WILL HAVE FURTHER DISCUSSIONS AT BOTH MINISTRIES

BEFORE DELEGATION LEAVES FOR WASHINGTON AND HOPE TO OBTAIN SOME EXPLANATION FOR THE DIFFERENT FIGURES. IT SHOULD, HOWEVER, BE KEPT IN MIND THAT FINANCE HAS PRIMARY RESPONSIBILITY FOR KEEPING TRACK OF FOREIGN DEBT, AND THEIR FIGURES MUST BE SEEN AS THE "OFFICIAL" ONES.

3. DURING LENGTHY WORKING LUNCHEON WITH FOUR-MAN SPANISH DELEGATION MARCH 12, WE WERE TOLD THAT PRINCIPAL CONCERN IS NOT SO MUCH OVER MANAGEMENT OF EXISTING DEBT BUT OVER FACT THAT GOS PROJECTIONS INDICATE THAT SPAIN WILL CONTINUE TO HAVE LARGE CURRENT ACCOUNT DEFICITS FOR SEVERAL YEARS AT LEAST, AND FINANCING FOR THESE IS VIEWED AS INCREASINGLY MORE DIFFICULT. AS THE PRESENT TIME THE COST OF SERVICING THE DEBT IS ESTIMATED AT ABOUT 11 PERCENT OF FOREIGN EXCHANGE EARNINGS ON CURRENT ACCOUNT, BUT THIS IS EXPECTED TO INCREASE CONSIDERABLY.

4. MIN FIN HAS ALSO FURNISHED US CURRENT ACCOUNT BALANCE OF PAYMENTS FIGURES WHICH FOR 1974 AND 1975 ARE EXACTLY AS GIVEN US BY COMMERCE (MADRID A-45) AND WHICH PROJECT CURRENT ACCOUNT DEFICITS FOR 1976 AND 1977 OF \$3,140 MILLION AND \$2,646 MILLION RESPECTIVELY. WE WILL SHORTLY BE DISCUSSING DETAILS OF THESE PROJECTIONS WITH COMMERCE BALANCE OF PAYMENTS PEOPLE AND WILL PROVIDE MORE DETAIL ALONG WITH OUR COMMENTS ON THE ESTIMATES BEFORE DELEGATION GOES TO WASHINGTON.

5. LISTING OF LOANS AS OF 12/31/75 AS FOLLOWS (IN \$ MILLIONS):

A. MEDIUM AND LONG TERM

1. PUBLIC SECTOR

GOS \$ 949.0

RENFE (STATE-OWNED RAIL SYSTEM) 668.1

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PAGE 03 MADRID 02029 01 OF 02 162315Z

OFFICIAL CREDIT INSTITUTE AND RELATED 335.0

INSTITUTO NACIONAL DE INDUSTRIAS (INI) AND ITS SUBSIDIARIES 1,226.5

SUPERHIGHWAYS WITH GOS 625.4

GUARANTEE

OTHER PRIVATE FIRMS WITH 117.4
GOS GUARANTEE

TOTAL 3,922.3

2. PRIVATE SECTOR

SUPERHIGHWAYS WITHOUT GOS 337.3
GUARANTEE

OTHER FIRMS 3,332.5

TOTAL 3,669.8

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PAGE 01 MADRID 02029 02 OF 02 161354Z

43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 NSC-05 TRSE-00 OMB-01 L-03 SP-02

INR-07 CIAE-00 SAM-01 SS-15 /054 W

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P 161114Z MAR 76

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C O N F I D E N T I A L SECTION 2 OF 2 MADRID 2029

B. SHORT TERM

OFFICIAL CREDIT INSTITUTE \$ 63.0
AND RELATED

INI AND ITS SUBSIDIARIES 15.2

SUPERHIGHWAYS WITHOUT GOS 45.6
GUARANTEE

OTHER FIRMS WITHOUT GOS 704.3
GUARANTEE

BANKING SECTOR	304.5
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TOTAL	1,135.6
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6. OF \$8.7 BILLION IN PUBLIC AND PRIVATE DEBT, FINANCE
SHOWS FOLLOWING AMORTIZATION SCHEDULE (IN MILLIONS OF \$):

1976	\$1,625.3
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1977	1,015.6
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1978	1,281.5
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1979	1,312.6
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PAGE 02 MADRID 02029 02 OF 02 161354Z

1980	1,111.7
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BEYOND 1980	2,209.9
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UNDETERMINED	171.1
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7. TERM OF PUBLIC SECTOR DEBT ONLY AS FOLLOWS:

UP TO 2 YEARS	.6 PERCENT OF TOTAL
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2 TO 4 YEARS	6.1 PERCENT OF TOTAL
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4 TO 6 YEARS	17.1 PERCENT OF TOTAL
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6 TO 8 YEARS	13.1 PERCENT OF TOTAL
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10 TO 15 YEARS	11.5 PERCENT OF TOTAL
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15 TO 20 YEARS	9.9 PERCENT OF TOTAL
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OVER 20 YEARS	5.4 PERCENT OF TOTAL
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8. A. OF TOTAL PUBLIC SECTOR DEBT, 49.9 PERCENT IS AT
FIXED INTEREST RATES AS FOLLOWS:

UNDER 3.99 PERCENT INTEREST	7.3 PERCENT OF TOTAL
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4 TO 4.99 PERCENT INTEREST	2.8 PERCENT OF TOTAL
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5 TO 5.99 PERCENT INTEREST	3.3 PERCENT OF TOTAL
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6 TO 6.99 PERCENT INTEREST	24.4 PERCENT OF TOTAL
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7 TO 7.99 PERCENT INTEREST	5.3 PERCENT OF TOTAL
8 TO 8.99 PERCENT INTEREST	5.7 PERCENT OF TOTAL
9 TO 9.99 PERCENT INTEREST	.7 PERCENT OF TOTAL
OVER 10 PERCENT INTEREST	.4 PERCENT OF TOTAL

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PAGE 03 MADRID 02029 02 OF 02 161354Z

B. REMAINING 50.1 PERCENT OF TOTAL PUBLIC DEBT IS
AT FLOATING INTEREST RATES BASED ON LONDON INTER BANK
RATE, AS FOLLOWS:

0 TO 0.49 PERCENT ABOVE LONDON	9.6 PERCENT
0.50 TO 0.749 PERCENT ABOVE LONDON	17.6 PERCENT
0.75 TO 0.99 PERCENT ABOVE LONDON	3.9 PERCENT
1.00 TO 1.249 PERCENT ABOVE LONDON	2.1 PERCENT
1.25 TO 1.49 PERCENT ABOVE LONDON	3.5 PERCENT
1.50 TO 1.749 PERCENT ABOVE LONDON	12.3 PERCENT
1.75 PERCENT ABOVE LONDON	1.1 PERCENT

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
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Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760099-0685
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Handling Restrictions: n/a
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ISecure: 1
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Margaret P. Grafeld
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04 MAY 2006

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TAGS: EFIN, SP
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